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# State of Utah Department of Commerce

Division of Securities

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## NEWS RELEASE

December 12, 2007

**Company and Its Manager are Accused of Deception in Securities Offering**  
***Company promised up to 240% annual interest, refused to disclose how money would be used.***

**SALT LAKE CITY, Utah** – E&R Holdings, LLC, and its manager, Raymond P. Morris, of Bountiful, were accused today of attempting to raise funds from investors through the use of fraudulent practices and deception. The Utah Division of Securities issued an order to show cause against Morris and his company alleging they sold unregistered securities, failed to disclose important information to investors, and engaged in fraudulent practices.

The order to show cause alleges that E&R Holdings and Morris sold high-yield unsecured promissory notes to investors. The investigation revealed that at least six investors purchased \$7,295,175 in unsecured promissory notes. The notes included promises that the company would pay interest at rates ranging from 120% to 240%. At rates of 240%, the investment would double in value every 100 days.

According to the Division, investors were not told how Morris and the company planned to earn enough income to pay these astronomical interest rates. Investors were only told that the company planned to acquire high-yield promissory notes offered by an unnamed other company. Investors were not told the name of the company offering these high-yield notes; E&R Holdings said the company's identity was withheld for confidentiality reasons.

The Division alleges that failing to disclose to investors how the company plans to earn profits fails to give the full disclosure required by the Utah Securities Act. E&R Holdings and Morris also failed to provide any audited financials to the investors or any disclosures regarding the entity that would be receiving investor funds. Investors also were not told about the track record of either company.

The investigation was initiated after E&R Holdings filed a notice with the Division in June 2007 that it had begun raising money from investors. In response to questions from the Division, the company was unable to provide copies of audited financial statements and demonstrate that investors had been given complete information about the investment.

The order to show cause seeks imposition of a cease and desist order against E&R Holdings and Morris and imposition of fines totaling the amount of investment taken from investors plus \$25,000. A hearing is set for January 28, 2008 to determine whether the company and Morris dispute the allegations against them.